

IN THE IOWA DISTRICT COURT FOR POLK COUNTY

THE STATE OF IOWA ex rel.
THOMAS J. MILLER,
ATTORNEY GENERAL OF IOWA,
99AG25112
and CRAIG A. GOETTSCH,
SUPERINTENDENT OF SECURITIES

Plaintiff,

v.

THE WOLFORD GROUP, INC.,
THE WOLFORD CORPORATION,
RODNEY WOLFORD, SR.,
RODNEY WOLFORD, JR., and,
FNBD, L.L.C., a/k/a, 1st NATIONAL
BANK OF DAD, L.L.C.,
RACHEL NELSON, and
DANIEL BROWN
Defendant.

EQUITY NO. CE 47069

CONSENT JUDGMENT
(RACHEL NELSON)

CLERK DISTRICT COURT

07 SEP - 6 PM 2:52

FILED
POLK COUNTY, IOWA

This Court, recognizing that the plaintiff, by Jeffrey Peterzalek, Deputy Attorney General, and Defendant Rachel Nelson, represented by attorney John Roehrick, have consented to the entry of this judgment, finds as follows:

1. The Court has jurisdiction over the parties and the subject matter of this litigation.
2. Venue is proper in Polk County.
3. Plaintiff commenced this action by filing suit on August 20, 2003, in this Court alleging defendants The Wolford Group, Inc., The Wolford Corporation, FNBD, L.L.C., Rodney Wolford, Sr., and Rodney Wolford, Jr. violated the Iowa Consumer Fraud Act, Iowa Code section 714.16 (2003). The petition was amended on December 1, 2003 to include allegations of violations of the Iowa Uniform Securities Act, Iowa Code Chapter 502 (2003),

in connection with the offer and/or sale of unregistered securities and to add defendants Daniel Brown and Rachel Nelson.

4. Plaintiff is the State of Iowa, ex rel. Thomas J. Miller, the duly elected Attorney General of Iowa and the Iowa Securities Bureau of the Iowa Insurance Division.

5. Defendant Nelson is a former officer and director of defendants The Wolford Group and/or The Wolford Corporation. Defendant Nelson was named in the Amended Petition as an employee and in her individual capacity.

6. The State alleged that Defendant Nelson's participation as an officer and director in the aiding and abetting in the offer and/or sale of unregistered securities in the form of notes and/or evidence of indebtedness and/or investment contracts constitutes a violation of Iowa Code section 502.201.

7. The State also alleged that Defendant Nelson's conduct directed at prospective investors constitutes the or aiding and abetting in the employment of a device, scheme, or artifice which was unlawful pursuant to Iowa Code section 502.401(1).

8. The State alleged that the defendants' untrue and/or misleading statements constitute the making of or aiding and abetting in the making of untrue statements of material fact and/or the failure to state material facts which, in the light of the circumstances under which they were made, were necessary to make other statements not misleading in violation of Iowa Code section 502.401(2).

9. The State further alleged that the defendants' recommendations of the purchase of a security without reasonable grounds to believe that the transaction or recommendation were suitable was unlawful pursuant to Iowa Code section 502.404.

10. Defendant Nelson admits to the following allegations contained in the Amended Petition:

a. Aiding and abetting the making of an untrue statement of a material fact or omitting to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading in violation of Iowa Code section 502.401(2) (2003); and

b. The recommendation of the purchase of a security without reasonable grounds to believe that the transaction or recommendation was suitable in violation of Iowa Code section 502.404 (2003).

11. Defendant Nelson acknowledges and agrees that entry of this Consent Judgment may negatively affect an application to become licensed as a broker-dealer, agent, investment adviser and/or investment adviser representative pursuant to Iowa Code chapters 502 (2007), as an insurance producer pursuant to Iowa Code chapter 522B (2007), and may affect any other application for professional licensure in this state or any other. In the event that defendant Nelson makes such application for licensure, Defendant Nelson agrees that all statements and allegations set forth in this Consent Decree shall be deemed to be admitted for the purpose of establishing the applicant's qualifications for licensure.

IT IS ORDERED, ADJUDGED AND DECREED that:

A. Pursuant to Iowa Code section 714.16(7), defendant Nelson and any officers, directors, employees, agents, successors and assigns, and all other persons acting in concert with or participating with defendant Rachel Nelson who have actual or constructive

notice of this order, are hereby RESTRAINED and ENJOINED from engaging in the business of buying, selling, renting, leasing, or otherwise transferring any interest in real estate in exchange for any form of remuneration, in or from the state of Iowa, nor shall defendant Nelson assist or support in any manner any other person or entity engaged in that business in Iowa or hold any ownership interest in such business in Iowa.

B. Pursuant to Iowa Code § 502.604(2) (2003), defendant Nelson and all other persons acting in concert with or participating with defendant Nelson, who have actual or constructive notice of this order, are hereby RESTRAINED and ENJOINED from all of the following:

- 1) Offering and/or selling registered, unregistered, and/or exempt securities in violation of Iowa Code section 502.301 (2007);
- 2) Transacting business as a broker-dealer, agent, investment adviser and/or investment adviser representative in violation of Iowa Code sections 502.401-.405 (2007);
- 3) Employing unregistered agents in connection with the offer and/or sale of securities in violation of Iowa Code section 502.408(2007);
- 4) Employing, directly or indirectly, any device, scheme, or artifice in connection with the offer and/or sale of securities in violation of Iowa Code section 502.501 (2007);
- 5) Making untrue statements of material fact or omitting to state material facts necessary to make any statements made not misleading in connection with the offer and/or sale of securities in violation of Iowa

Code section 502.501 (2007);

- 6) Recommending to a customer the purchase, sale or exchange of a security without reasonable grounds to believe that the transaction or recommendation is suitable for the customer based upon reasonable inquiry concerning the customer's investment objectives, financial situation and needs, and other known relevant information in violation of Iowa Code section 502.501A (2007).
- 7) Dissipating, secreting, or otherwise disposing of any and all investor funds in their possession and/or under their control;
- 8) Assisting or supporting in any manner any other person or entity engaged in the offer or sale of registered, unregistered, and/or exempt securities or engaged in the transaction of business as a registered or unregistered broker-dealer, agent, investment adviser and/or investment adviser representative; and
- 9) Holding any ownership interest other than as a passive investor in an entity engaged in the offer or sale of registered, unregistered, and/or exempt securities or engaged in the transaction of business as a registered or unregistered broker-dealer, agent, investment adviser and/or investment adviser representative; and
- 10) In any other respect violating Iowa Code chapter 502 (2007).

C. This Consent Judgment shall not bar the State or any other governmental entity from enforcing other laws or rules against defendant Nelson relating to any of Defendant Nelson's practices, including those alleged in the Amended Petition, and shall have no impact on any cause of action which could be brought against any of the defendants by a private party.

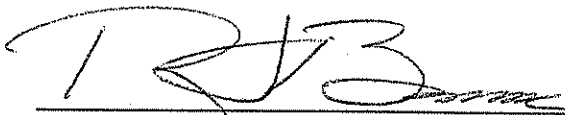
D. Defendant Nelson shall pay the sum of five hundred dollars (\$500) to the Iowa Attorney General's Office to be credited to the Consumer Education and Litigation Fund pursuant to Iowa Code section 714.16C.

E. The Court reserves jurisdiction over this action in order to take any further action deemed necessary to enforce this judgment and to award the State judgment for any costs, including attorneys' fees, it incurs in the event of noncompliance by a defendant.

F. The Court also reserves jurisdiction over this action in order to take any further action deemed necessary by the receiver and approved by the Court.

G. Pursuant to Iowa Code sections 502.603(2)(b)(3) and 714.16(7), the Court may impose a civil penalty of not more than \$5,000 for each day of intentional violation of this Consent Judgment in addition to any other remedy allowed by law, including but not limited to punishment for contempt pursuant to Iowa Code chapter 665 (2007).

IT IS SO ORDERED this 6th day of Sept., 2007.



JUDGE, Fifth Judicial District of Iowa
BLINK

Copies to:

Jeffrey Peterzalek, Deputy Attorney General

John Roehrick, Attorney for Defendant Rachel Nelson

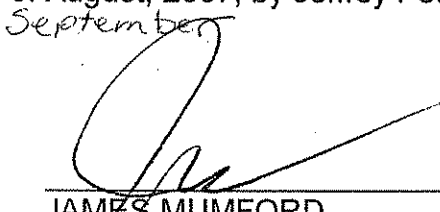
By their signatures, the parties hereby agree to the terms of this Consent Judgment:

PLAINTIFF:

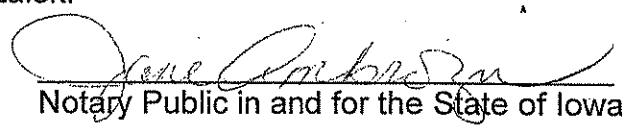


JEFFREY PETERZALEK
Deputy Attorney General
Counsel for the State of Iowa

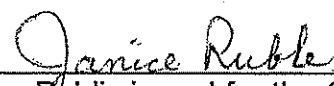
Executed before the undersigned Notary Public on this 10th
day of ~~August~~ ^{September}, 2007, by Jeffrey Peterzalek.



JAMES MUMFORD
Deputy Commissioner
Iowa Insurance Division

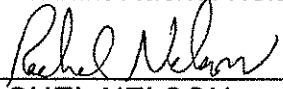
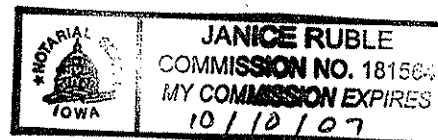

Notary Public in and for the State of Iowa

Executed before the undersigned Notary Public on this 6th
day of ~~August~~ ^{Sept.}, 2007, by James Mumford.

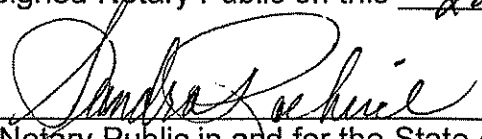
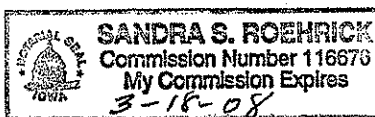

Notary Public in and for the State of Iowa

DEFENDANT:

Defendant Rachel Nelson


RACHEL NELSON

Executed before the undersigned Notary Public on this 26th
day of August, 2007, by Rachel Nelson.


Notary Public in and for the State of Iowa